

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Periodic Reporting
(UPS Proposals One, Two, and Three)

Docket No. RM2016-2

CHAIRMAN'S INFORMATION REQUEST NO. 7

(Issued February 24, 2016)

To assist in the evaluation of the petition of the United Parcel Service, Inc. (UPS) concerning changes in analytical principles,¹ the Postal Service is requested to provide written responses to the following questions. Answers shall be provided no later than March 2, 2016.

1. Please refer to UPS's Exhibit A.² UPS describes Column [1] as displaying the categorization or treatment of cost components by Dr. Bradley in Library Reference USPS–RM2016–2/NP1.³ UPS describes Columns [2] and [3] as displaying the categorization or treatment used by the Postal Service in library references USPS–FY14–NP10⁴ and USPS–FY15–NP10,⁵ filed in Docket Nos. ACR2014 and ACR2015, respectively.
 - a. Please confirm that Exhibit A is accurate.

¹ Petition of United Parcel Service, Inc. for the Initiation of Proceedings to Make Changes to Postal Service Costing Methodologies, October 8, 2015 (Petition). To support each of its proposals, UPS also submitted the Report of Dr. Kevin Neels Concerning UPS Proposals One, Two, and Three with the Petition.

² Motion of United Parcel Service, Inc. for Issuance of Information Request to United States Postal Service, February 19, 2016, Excel file "Exhibit A_ChIR.xlsx" (Exhibit A).

³ Library Reference USPS-RM2016-2/NP1, January 27, 2016.

⁴ Docket No. ACR2014, Library Reference USPS-FY14-NP10, December 29, 2014.

⁵ Docket No. ACR2015, Library Reference USPS-FY15-NP10, December 29, 2015.

- b. If not confirmed, please identify the inaccuracies and provide corrections as needed.
- 2. Please again refer to Exhibit A referenced in question 1, which identifies ten cost components where the categorization or treatment of a cost component in Dr. Bradley's calculations provided in USPS–RM2016–2/NP1 differs from that used in USPS–FY14–NP10.
 - a. Please explain the rationale for each such departure.
 - i. Component 48
 - ii. Component 126
 - iii. Component 168
 - iv. Component 195
 - v. Component 202
 - vi. Component 531
 - vii. Component 1697
 - viii. Component 1726
 - ix. Component 1727
 - x. Component 1735
 - b. If the answer to question 1 reveals any additional cost components whose categorization or treatment differs between Dr. Bradley's calculations in USPS–RM2016–2/NP1 and those provided by the Postal Service in Docket No. ACR2014, please explain the reasons for these departures.
- 3. Please refer to Docket No. ACR2014, Library Reference USPS–FY14–NP10.
 - a. The library reference contains an incremental cost control file, "IC2014.cntl.xls." Please confirm that in the calculations for the output provided in USPS–RM2016–2/NP1, Dr. Bradley used the same version of

the incremental cost control file included in USPS–FY14–NP10. If not confirmed, please provide the incremental cost control file used by Dr. Bradley in the calculations for the output provided in USPS–RM2016–2/NP1.

- b. This library reference also contains a cost pools file, “CostPoolsFY2014.xls.” Please confirm that in the calculations for the output provided in USPS–RM2016–2/NP1, Dr. Bradley used the same version of the input file as provided in USPS–FY14–NP10. If not confirmed, please provide the cost pools file used by Dr. Bradley.

By the Acting Chairman.

Robert G. Taub